



WISCONSIN

**DEPARTMENT OF WORKFORCE DEVELOPMENT**

Division of Economic Support  
Bureau of Work Support Programs

**TO: Economic Support Supervisors  
Economic Support Lead Workers  
Training Staff  
Child Care Coordinators  
W-2 Agencies**

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**BWSP OPERATIONS MEMO**

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**Non W-2** ☒ **W-2** ☐ **CC** ☒

**PRIORITY:** Medium

**SUBJECT: PROSPECTIVE BUDGETING Q&A**

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**CROSS REFERENCE:** BWSP Operations Memo 99-44 & 01-01  
**Food Stamp Handbook (FSH)**

**EFFECTIVE DATE:** Immediately

**PURPOSE**

This memo is a follow-up to Operations Memo (OM) 01-01, Prospective Budgeting, and is intended to further clarify prospective budgeting policies and procedures for Food Stamps (FS).

**BACKGROUND**

This memo was developed in response to questions generated by local agency staff regarding OM 01-01 and the ETN held on 02/20/01 re prospective budgeting. This memo will address questions that have been resolved following consultation with Food and Nutrition Service (FNS). A future memo will address new policies involving the effective eligibility dates when FS households report changes that result in an increase in benefits due to a person addition and other changes in gross monthly income of \$50 or more.

## QUESTIONS & ANSWERS

- Q1: When employment ends, do we need to verify 1.) last day of work, 2.) last paycheck receipt date, and 3.) why employment ended?
- A1: Yes, when this information is essential to determine eligibility. However, all three may not be necessary. The case situation needs to be taken into account. Use a combination of reasonable judgement and adequate verification and documentation to determine the best estimate of prospective income. If information is questionable, inconsistent, or outdated, further verification may be necessary. When jobs end, ask questions. Did they apply for UC? Does the pay period end date coincide with reported last day of work? Very often check stubs alone will not adequately verify employment information such as job start date, job end date, or employment status (part-time or full-time). When such verification is required, an employer statement can be used, or a phone call to the employer.
- Q2: When determining if a household has a heating or cooling expense, is a lease that indicates that the tenant is responsible for utilities sufficient verification, or do you need to have verification of the expense from the source?
- A2: IM Manual Chapter 1, Part C, 9.6.1 states in part to “determine whether the household has heating or cooling expenses separate from the rental expense.” A lease is listed as a source of verification. If this information is questionable, then further verification is acceptable. Examples of verification can include verification from the source, a bill, statement, or a phone call.
- Q3: If the 1<sup>st</sup> month is a partial month’s income, can you use actual if it’s verified?
- A3: Yes. You must use actual income when a full month’s income will not be received due to a job, or other source of income, starting or ending. If the application is taken mid month, and all of the income has not been received for that month, you would use the actual income received, and estimate income for the remainder of the month.
- Q4: What does it mean to convert income?
- A4: “Converting” income means multiplying an average wage amount received during a pay period by the average number of pay periods in the month to arrive at a monthly amount.

**Example:** Based on check stubs for the last 30 days, Tom’s weekly gross income is \$123. His ESS “converts” this to a monthly amount by multiplying  $\$123 \times 4.3$ .

- Q5: How is Month 1 income budgeted when it is known?
- A5: When a full month of income is received in month one, either actual OR actual converted income can be used as long as the ESS documents the income that is used and why. If the converted income makes the person ineligible, the actual monthly income **can** be used if already received and verified. Month 2 and ongoing income must always be converted to determine the best estimate of monthly income.

**Example:** Jeff applies for FS on February 23 and completes his intake interview on March 3. He has been working part-time at PDQ Car Wash since January 3. He is paid weekly and provides all of his February check stubs to his ESS at his intake interview on March 3. He does not anticipate any changes in his income and no changes have occurred since he started the employment. The ESS can budget Jeff’s actual February income to determine his eligibility for February. Then the ESS would

average the February weekly income and convert it to a monthly amount by multiplying by 4.3 to determine a prospective best estimate of Jeff's income for March and subsequent months. The ESS could also use the converted monthly amount for February, March, April, etc. In either case the ESS **must** document what verification was used to determine the prospective estimate and the reasoning for the estimate.

- Q6: How do you estimate income when you have an employer who cannot verify wages/hours because the pay is based on piecework and whenever the employee chooses to work. For those who have worked at the factory in the past and know how fast they can work, you can fairly accurately estimate their income. As for those who have never worked there before, do we have to take the client's statement as a best estimate of anticipated income?
- A6: Ideally the employer would be in a position to best estimate from past experiences what employees with similar backgrounds could be estimated to earn. If the employer is unable to provide, use the best information available. This may be a statement from the employee. If there is a reported change of income in the future, a new estimated average can be established. Be sure to document the case circumstances and the reasoning for the best estimate of prospective income that is used.
- Q7: Why does example 15 in OM 01-01 have 2 ways to calculate the prospective income?
- A7: Because there are two acceptable ways that it can be done. The employer has not provided an estimated number of hours for the employee, but a range. So, you can use the check stubs to arrive at an average number of hours worked or you can average the employer's statement of hours the employee will work. Both are acceptable. Document your actions.
- Q8: If an NCP moves here from Minnesota and Minnesota is not being responsive to my requests as to whether or not s/he is cooperating with their Child Support Agency, how should I process this?
- A8: Refer to OM 99-44. Assume they are cooperating until you are notified otherwise by the Child Support Agency.
- Q9: If child support is ordered, when do I start budgeting that income?
- A9: You must wait until the client actually starts receiving the income to budget it. Remind the client to report the change in income when they start to receive the Child Support, and prospectively budget it for the next payment month. You may want to use ACEC or CMMM to send yourself an alert to check the case payment status.
- Q10: If someone is paid semi-monthly, why do we convert using 4.3 or 2.15 (page 5)?
- A10: You convert if they do not have check stubs to estimate income (i.e., a new job). Converting takes into consideration that there are extra days in the pay periods. If you have the check stubs and know the amounts, you must use the average amount times two.
- Q11: We have an NCP who is not paying his/her child support. How long do we wait until we sanction him/her for non-cooperation from food stamps?
- A11: Refer to OM 99-44. The worker should contact the Child Support Agency (CSA) worker to ask whether the applicant is cooperating with child support. The CSA worker will respond to the request within one week. You sanction him/her when the CSA worker provides you with notice that s/he is not cooperative. The same would hold true for adding him/her back to the case; you cannot lift the non-cooperation sanction until CSA notifies you s/he is cooperating.

- Q12: Another county notified us that an NCP is not cooperating for FS. The NCP has started working and there is a wage assignment attached to his check to pay the child support. The CSA says they will not lift the sanction until they have received the first payment. Is this legal?
- A12: Refer to OM 99-44. You have to process according to what CSA reports to you. If they notify you that the person is uncooperative, you must continue to impose the sanction.
- Q13: If an employer's statement is not on letterhead, do we have to accept it?
- A13: You cannot require the statement to be submitted on letterhead, and if it is not, you cannot NV the case. If it is questionable, you should verify the validity of the document via a collateral or other contact.
- Q14: Portage Co. has a client where they convert the income at application and she is not eligible using the 4.3 or 2.15 conversion. So, every month she re-applies with her actual income and asks for a re-determination. Can they use actual income and close her every extra paycheck month or must they convert it?
- A14: We do not go back and reconcile every month; this would be retrospective budgeting. We should be using converted income amounts. As listed above, if you have all the verified income for month 1 you can use the actual amount or the converted amount, making sure to document your actions
- From Office of Child Care on 2/22/01: Use actual or prospective income at time of intake to determine eligibility. At review, collect 30 days (2 checks if paid biweekly and 4 or 5 checks if paid weekly) from the previous month. At that time take an average of the checks submitted and multiply by 2.15 or 4.3 which ever is applicable. Use this as your prospective income to re-determine eligibility. DO NOT collect check stubs and re-determine eligibility every month or retrospectively.
- Q15: Page 11 tells us to budget the last 3 months of child support payments to establish an average if the amounts fluctuate, but this contradicts the FS handbook, which says use the last 6 months, which is correct?
- A15: There may be some confusion between budgeting direct child support received and child support paid out. The handbook (**FSH** Appendix 12.2.25) says count direct child support. The Operations Memo also says they may need to use a longer period of time to establish the average. More or less than 3 months can be used.
- Q16: To look at Child Support paid out as an expense, the handbook tells us to use the support paid in the previous 6 months, but the federal regulations say to use the last 6 months or certification period, which is correct?
- A16: **FSH** Appendix 16.5.0, 1 & 2 states "to average the child support **either**; 1.) paid in the previous 6 months, **or** 2.) Paid during the certification period, based on a record of payment".
- Q17: How long do we wait to stop budgeting direct child support received? For example an absent parent was ordered to pay child support 9 years ago. He just started paying 10/31 and the agency was budgeting it regularly. As of 1/11 he is not paying. When do we stop counting the income? How do we know he's not going to pay anymore, or he will pay, or will payments be sporadic?

- A17: Since the child support has stopped this should be treated as a change in circumstances. The worker should seek current information as to why the absent parent is not paying anymore. Use the best information available and document. If the ESS is unable to predict with reasonable certainty that CS will be paid, prospectively budget 0.
- Q18: A person has an increase in pay effective 1/1/01. We have his income from the last 30 days verified, but it's at his old pay rate, includes overtime and holiday pay. What income do I use now to estimate/convert, how do I average?
- A18: Use prospective weekly hours, including anticipated holiday and overtime hours, times new wage per hour, times 4.3.
- Q19: For unearned income (i.e., Child Support, SSI, etc.) when do I use the gross versus the net?
- A19: See **FSH** Appendix 12.2.23. Use gross income unless there is a repayment being made that is not due to an intentional failure to comply with that program's requirements. For social security payments, the Medicare premium is entered on screen AFMD and should not be included in the amount entered on AFUI.
- Q20: Self-Employment: What constitutes a "substantial gain?"
- A20: See **FSH** Appendix 13.5.2.1 which gives examples of changes in circumstances that could cause a substantial gain (or loss) in self-employment income. If a change in circumstances is reported that results in a substantial gain (or loss) of income, new SEIRFs would be requested to redetermine the best estimate of prospective income.

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**Note:** Email contacts are preferred. Thank you.